

OFFICIAL FILE
ILLINOIS COMMERCE COMMISSION

STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

ORIGINAL

Illinois Commerce Commission
On Its Own Motion

-vs-

Central Illinois Light Company,
Central Illinois Public Service Company,
Commonwealth Edison Company,
Illinois Power Company,
Interstate Power Company,
MidAmerican Energy Company,
Mt. Carmel Public Utility Company,
South Beloit Water, Gas and Electric,
Company, and Union Electric Company

Proceeding on the Commission's own motion
concerning delivery services tariffs of all Illinois
electric utilities to determine what if any changes
should be ordered to promote statewide uniformity
of delivery services and related tariffed offerings.

Docket No.00-0494

INITIAL BRIEF OF CENTRAL ILLINOIS LIGHT COMPANY

Now comes Central Illinois Light Company ("CILCO" or "the Company"), pursuant the schedule established by the Hearing Examiner and hereby submits its Brief in the above-captioned proceeding.

INTRODUCTION

The initiating Order in this docket identified subjects addressed in the tariffs of Illinois electric utilities that were potential candidates to be made more uniform. As a result of workshops, the parties to this proceeding entered into a Stipulation that provided for implementation of agreed-upon tariff changes and other settled issues. To the extent agreement could not be reached on other issues, the parties were provided the opportunity to submit evidence that particular non-uniform provisions of a utility's recently approved delivery services tariffs and related practices should no longer be considered just and reasonable. Staff's testimony identified several specific attributes of

CILCO's delivery services tariffs and procedures that Staff advocated should be changed and made more uniform with delivery services provided by other utilities. No other party submitted testimony addressing any other unique features of CILCO's tariffs with problems that had not been identified by Staff. CILCO's brief will focus primarily on issues contained in the testimony of its witness and those witnesses who submitted testimony specifically addressing CILCO's delivery services tariffs and procedures. As further explained below, some of the outstanding issues regarding CILCO's tariffs have been resolved. CILCO anticipates other issues not specifically related to CILCO will be addressed in the briefs of other utilities, and CILCO's silence on other recommendations should not be construed as support for, or opposition to, a particular proposal.

WEB SITE ACCESS TO CUSTOMER INFORMATION

CILCO plans to make historical customer usage information available from its web site no later April 2002, which coincides with residential customer access to delivery services. When this information is requested now, the Company provides it by telephone or letter. Given the limited number of requests for information, the substantial cost to provide web site access to historical usage data is not justified at this time. CILCO Ex.1.0, p 3-5. Staff had no objection to CILCO's plan. Staff Ex. 3, p. 2; Tr.118.

MidAmerican Energy Company ("MEC") expressed a concern that CILCO would not provide usage information for a customer at the same location if the customer is assigned a new account number. MEC Ex. 4.0, p. 2. However, the MEC witness later clarified that it would be acceptable for CILCO to provide the information by telephone or letter, and it was not necessary for the infrequent occasions when a customer is assigned a new account number at the same location to reprogram the customer information system to make that customer's historical usage available from the Company's website. Tr. 311-314. CILCO is willing to provide the information sought

by MEC via telephone, letter or e-mail. Consequently, it is not necessary for the Commission to order CILCO to change the plan that Staff has found acceptable.

INTERIM SUPPLY SERVICE

As a result of the testimony submitted in this proceeding, Staff and CILCO have resolved several outstanding issues regarding the provision of Interim Supply Service. CILCO's willingness to modify its tariff to make Interim Supply Service available for up to a maximum of 60 days was acceptable to Staff. CILCO Ex. 2.0, p.3; Tr. 113. Staff also withdrew its objection to the provision in CILCO's tariff that would prevent a customer from returning to bundled service in the event bundled service has been declared competitive. CILCO Ex. 2.0, p. 4; Tr.118. Finally, The Company and Staff agreed that CILCO's tariff should be modified to state that the utility will "promptly" notify customers that they are being placed on Interim Supply Service. CILCO Ex. 2.0, p. 4-5; Tr. 117.

Staff sole remaining objection to the terms and conditions applicable to Interim Supply Service is a provision that allows CILCO to deny the Interim Supply Service option when placing the customer on this service would jeopardize system reliability. Staff Ex. 1, p. 9. The Staff witness conceded that reliability concerns are real, not imaginary. Tr. 115. CILCO is short of generation (Tr. 281), and must rely upon power imports to serve its native load. Staff recognized that a large delivery service customer who unexpectedly lost its source of supply and sought to return to a smaller utility like CILCO placed a greater risk upon system reliability. Tr. 114-115; CILCO Ex. 2.0, p.8. Staff was apparently concerned that a utility would overstate the reliability risk and frighten customers from taking delivery service by pointing to the possibility that they might not be able to return. Tr. 115; Staff Ex.1, p. 9. However, CILCO explained that this provision would only be exercised under exceptional circumstances. Further, as a practical matter, this provision would only

apply to very large industrial customers, because the unexpected return of the largest electric loads places the greatest risk upon system reliability. It is unlikely the utility would need, or be able, to disconnect a large number of smaller customers who simultaneously lost their supply. CILCO Ex. 2.0, p. 4. Large, sophisticated industrial energy users are unlikely to misunderstand the reliability risk. In fact, removing the right to deny Interim Supply Service during a reliability crisis, would provide customers with a false sense of security that leads them to be less selective in choosing a reliable power supply.

Staff's position would unduly encourage customers to switch to less costly and possibly less stable suppliers at the expense reliability, and should be rejected. Staff concern that utilities would employ scare tactics to discourage customer choice is speculative, and is better addressed through educational materials or rules against misrepresentation.

RETURN TO BUNDLED SERVICE

Staff proposal to require CILCO's to allow customers to return to bundled service prior to the 12 month expiration of the delivery service term should be rejected. Staff gave no reason for modifying CILCO's tariff other than to point out that other utilities do not have term requirements. However, CILCO is different from other utilities. CILCO must import power to meet the demands of its native load. The term provision enables CILCO to reasonably plan to acquire adequate capacity to serve its customers. Further, customer are likely to return to bundled service when competitive sources are more costly. If these customer return early, CILCO is at the mercy of the market to obtain the power necessary to serve the returning customers. The high cost power could impact adversely the Company and its customers who would see the effect of the high cost power in the Fuel Adjustment Clause charges. Tr. 280-281; CILCO Ex. 2.0, p. 5. For these reasons, the term requirement was a contested issue in the Company's delivery services tariff proceeding. The

Company had proposed even longer terms for certain customers. At that time, Staff's position was "it would be reasonable for CILCO to impose . . . a more appropriate minimum term [of] 12 months." CILCO Ex. 2.0, p. 6.

Staff's concern that competition might be inhibited by the inability to return to bundled service for twelve months is unfounded. CILCO has had a comparable term limit in its gas transportation tariffs for approximately 15 years, and there has been no evidence that the term provisions has discouraged migration from bundled gas tariffs to unbundled gas delivery services. Tr. 117-118. Current bundled customers are limited to changing rates once every twelve months.

SINGLE BILL OPTION (SBO)

The proposal to allow retail electric supplies to refuse to include amounts due the utility for prior bundled service in the Single Bill Option should be rejected. Provision for separate billing of pre-existing bundled electric service charges would create and annoyance for customers and defeat the purpose of convenience to the customer which the Customer Choice Law intended. Instead of the single bill envisioned by the statute, the proposal results in multiple bills. Section 16-118(b) of the Act plainly provides that "payments made by retail customers are to be credited first to the electric utility's tariffed services." Bundled rates are part of the utility's tariffed services. This proposal should be rejected for the further reason that it would necessitate a revision of the SBO credit. The current credit provided in CILCO's tariff assumes that any past due amounts would be passed through to the billing party. The Company would no longer avoid all the costs built into the credit and would incur additional costs to make changes to its billing system. CILCO Ex. 2.0, p. 7.

STANDARDIZED TARIFF FORMAT

CILCO is willing to accept the general concept of a standard table of contents similar in nature to Staff's proposal. The proposal should be limited to reorganizing the utility's current delivery service tariffs into the order appearing in the outline, and no substantive changes would be made to the existing wording of the tariffs. The adoption of pro forma tariff language is beyond the scope of the issues directed to be addressed in the Commission's order initiating this docket. The Staff report that is referenced in the order indicates pro forma tariffs would not be part of this proceeding. Tr. 39. The Appendix to the Interim Order does not include establishment of pro forma tariffs as an issue to be included in the litigated phase of this proceeding. Tr. 41. CILCO delivery services tariffs were found to be just and reasonable after a comprehensive review and hearing process. Parties have had ample time during the pendency of this case to identify problems peculiar to CILCO's tariffs. No evidence has been offered in this proceeding that the rights and obligations created by the various provisions of CILCO's existing tariffs are unreasonable when compared with the different rights and obligation inherent in a pro forma tariff.

CONCLUSION

For the reasons stated above, Central Illinois Light Company respectfully requests the Commission enter a final order in this proceeding that provides the following with respect to CILCO's delivery services tariffs and practices related thereto:

- A. Approves the Company's plan to make customer historical usage information available on its web site not later than April 2002;
- B. Directs the Company to modify its tariffs governing Interim Supply Service to provide for a maximum duration of 60 days;

C. Finds that the evidence does not support the elimination of the tariff provision that permits CILCO to deny a customer the option to take Interim Supply Service when reliability is in jeopardy;

D. Approves the Company's proposal to modify its delivery services to tariffs by adding the word "promptly" to describe how the Company will notify its customers of their placement on Interim Supply Service;

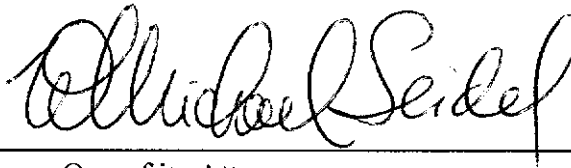
E. Finds that the evidence does not support the modification of CILCO's tariff provision that requires customers switching to delivery services to remain on delivery services for 12 months;

F. Rejects the proposal to allow Retail Electric Suppliers to refuse to include amounts due the utility for prior bundled service in the Single Bill Option.

Respectfully submitted,

CENTRAL ILLINOIS LIGHT COMPANY

By

A handwritten signature in black ink, appearing to read "W. Michael Seidel", is written over a horizontal line.

One of its Attorneys

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